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10/625,082

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Gary William Flake

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EXAMINER

KALINOWSKI, ALEXANDER G

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**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

<b>Office Action Summary</b>	<b>Application No.</b> 10/625,082	<b>Applicant(s)</b> FLAKE ET AL.	
	<b>Examiner</b> ALEXANDER KALINOWSKI	<b>Art Unit</b> 3691	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 28 February 2007.
- 2a) ☐ This action is **FINAL**.                      2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 1 and 4-40 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1 and 4-40 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \*    c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- |  |   |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)          | 4) <input type="checkbox"/> Interview Summary (PTO-413)           |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____                                      |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)          | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____  | 6) <input type="checkbox"/> Other: _____                          |

### **DETAILED ACTION**

1. Claims 1 and 4-40 are presented for examination. In light of Applicant's arguments, the grounds of rejection based on 35 USC 103 are withdrawn. However, new grounds of rejection based on 35 USC 101, Double Patenting and 35 USC 103 are set forth in the instant office action as set forth in detail below.

#### ***Claim Rejections - 35 USC § 101***

2. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 1, 4-32 and 36-40 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. The instant claims recite a process comprising the steps of defining and allowing transactions. Based on Supreme Court precedent, a proper process must be tied to a machine or transform underlying subject matter to a different state or thing (*Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972); *Cochrane v. Deener*, 94 U.S. 780,787-88 (1876)). Since neither of these requirements is met by the claim, the method is not considered a patent eligible process under 35 U.S.C. 101. To qualify as a statutory process, the claim should positively recite the machine to which it is tied, for example by identifying the apparatus that accomplished the method steps or positively reciting the subject matter that is being transformed, for example by identifying the material that is being changed to a different state. In the instant claims, the claimed process appears to be carried out on a networked computer

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system. However, mere nominal recitations of a machine are not deemed to make the claimed process statutory. At least the key processing steps of the claim should be tied to the machine in order for the claim to be considered statutory. The dependent claims are rejected on the same basis as the independent claims since the dependent claims do not cure the deficiency of the independent claim.

### ***Double Patenting***

3. The nonstatutory double patenting rejection is based on a judicially created doctrine grounded in public policy (a policy reflected in the statute) so as to prevent the unjustified or improper timewise extension of the "right to exclude" granted by a patent and to prevent possible harassment by multiple assignees. A nonstatutory obviousness-type double patenting rejection is appropriate where the conflicting claims are not identical, but at least one examined application claim is not patentably distinct from the reference claim(s) because the examined application claim is either anticipated by, or would have been obvious over, the reference claim(s). See, e.g., *In re Berg*, 140 F.3d 1428, 46 USPQ2d 1226 (Fed. Cir. 1998); *In re Goodman*, 11 F.3d 1046, 29 USPQ2d 2010 (Fed. Cir. 1993); *In re Longi*, 759 F.2d 887, 225 USPQ 645 (Fed. Cir. 1985); *In re Van Ornum*, 686 F.2d 937, 214 USPQ 761 (CCPA 1982); *In re Vogel*, 422 F.2d 438, 164 USPQ 619 (CCPA 1970); and *In re Thorington*, 418 F.2d 528, 163 USPQ 644 (CCPA 1969).

A timely filed terminal disclaimer in compliance with 37 CFR 1.321(c) or 1.321(d) may be used to overcome an actual or provisional rejection based on a nonstatutory double patenting ground provided the conflicting application or patent either is shown to be commonly owned with this application, or claims an invention made as a result of activities undertaken within the scope of a joint research agreement.

Effective January 1, 1994, a registered attorney or agent of record may sign a terminal disclaimer. A terminal disclaimer signed by the assignee must fully comply with 37 CFR 3.73(b).

4. Claims 1, 32, and 33 are provisionally rejected on the ground of nonstatutory obviousness-type double patenting as being unpatentable over claims 1-7 and 9-14 of copending Application No. 10/625,000. Although the conflicting claims are not identical, they are not patentably distinct from each other because the claims in the '000 application are narrower than the claims in the instant application.

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This is a provisional obviousness-type double patenting rejection because the conflicting claims have not in fact been patented.

As to claims 1, 32, and 33, the '000 application discloses a method system and computer readable medium for allowing transactions in instruments comprising defining a set of one or more term-based concepts, each of the concepts comprising a set of one or more terms, the terms being usable in computerized searches (see claim 1) and allowing transactions in a set of one or more instruments on a networked computer system, each of the instruments being associated with one or more of the concepts, and each of the instruments being valued based on at least in part on a utilization of the associated one or more concepts by one or more participants to locate information through the computerized searches (see claim 1).

5. Claims 1 and 6-8, 32 and 33 are provisionally rejected on the ground of nonstatutory obviousness-type double patenting as being unpatentable over claims 1 and 6-18 of copending Application No. 10/625,001. Although the conflicting claims are not identical, they are not patentably distinct from each other because the claims in the instant application are broader versions of the claims in the '001 application..

This is a provisional obviousness-type double patenting rejection because the conflicting claims have not in fact been patented.

As to claims 1, 6-8, 32, and 33, the '001 application discloses a method system and computer readable medium that

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defining a set of one or more term-based concepts, each of the concepts comprising a set of one or more terms, the terms being usable in computerized searches (claim 1)

and

allowing transactions in a set of one or more instruments on a networked computer system, each of the instruments being associated with one or more of the concepts, and each of the instruments being valued based on at least in part on a utilization of the associated one or more concepts by one or more participants to locate information through the computerized searches (claim 1).

***Claim Rejections - 35 USC § 103***

6. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

7. Claims are 1, 4-12, 16, and 20-31, 33-35 and 40 rejected under 35 U.S.C. 103(a) as being unpatentable over Application Number 2003/0105677, Skinner in view of Hanson, Robin, "Idea Futures, Encouraging an Honest Consensus" (hereinafter Hanson).

As to claims 1 and 33-35 and 40, Skinner discloses a computer implemented method and system comprising:

defining a set of one or more term-based concepts (i.e. search terms ), each of the

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concepts comprising a set of one or more terms , the terms being usable in computerized searches (paragraph 37)

the concepts being valued based on at least in part on a utilization of the associated one or more concepts by one or more participants to locate information through the computerized searches (i.e. search term's effectiveness is determined by collecting and analyzing data relating to the number of impressions the number of clicks, and the number of resulting sales)(paragraphs 37-38)

Skinner does not explicitly disclose

allowing transactions in a set of one or more instruments on a networked computer system, each of the instruments being associated with one or more of the concepts.

However, Hanson discloses allowing transactions in a set of one or more instruments on a networked computer system, each of the instruments being associated with one or more of the concepts (i.e. idea futures)(see page 1 and page 6). It would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to include allowing transactions in a set of one or more instruments on a networked computer system, each of the instruments being associated with one or more of the concepts as disclosed by Hanson within Skinner for the motivation of valuing instruments by using consensus about the value of an item, combining what people know and provide an incentive for experts to provide opinions (advantages, page 9-10).

As to claim 4, Skinner discloses the method of claim 1, comprising defining each of the concepts such that each of the terms of the concept relates to a theme (paragraph 37).

As to claim 5, Skinner discloses the method of claim 1, Skinner discloses wherein

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defining a set of concepts comprises defining a set of concepts such that each of the concepts is capable of being valued, the value of each of the concepts being an advertising value (paragraph 38).

As to claim 6, Skinner discloses the method of claim 1, wherein defining a set of concepts comprises defining a set of concepts such that each of the concepts is capable of being valued, the value of each of the concepts being based on Pay-for-Performance data (paragraph 37-38).

As to claim 7, Skinner discloses the method of claim 1, comprising valuing at least one of concepts or terms of concepts based on one or more measures of demand for the concept as a search-based advertising vehicle (paragraph 38).

As to claim 8, Skinner discloses pay per click advertising systems (paragraphs 37-38). Skinner does not explicitly disclose allowing exchange of instruments for rights associated with clicks in a pay per click search-based advertising system.

However, Hanson discloses a system for an exchange of instruments for rights to a variety of items (see page 2). It would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to include the aforementioned limitation as disclosed by Hanson within Skinner for the motivation of valuing instruments by using consensus about the value of an item, combining what people know and provide an incentive for experts to provide opinions (advantages, page 9-10).

As to claim 9-10, Skinner does not explicitly disclose the method of claim 1, comprising allowing transactions including buying and selling of one or more of the instruments by users of the networked computer system and exchanging the instruments for value.



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However, Hanson discloses allowing transactions including buying and selling of one or more of the instruments by users of the networked computer system and exchanging the instruments for value (see page 2). It would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to include the aforementioned limitation as disclosed by Hanson within Skinner for the motivation of valuing instruments by using consensus about the value of an item, combining what people know and provide an incentive for experts to provide opinions (advantages, page 9-10).

As to claim 11, Skinner discloses the method of claim 1, comprising defining each of the concepts such that each of the terms comprises at least one of a character, a character string, a letter, a word, a phrase, an abbreviation, a sentence, and a symbol (paragraphs 5 and 37).

As to claim 12, Skinner discloses the method of claim 1, comprising defining terms by manual selection (paragraph 5).

As to claim 13, Skinner discloses the method of claim 1, comprising defining terms using a computer algorithm (paragraph 5).

As to claim 16, Skinner does not explicitly disclose the method of claim 1, comprising allowing transactions in instruments that are or are modeled after financial securities.

However, Hanson discloses allowing transactions in instruments that are or are modeled after financial securities (page 2). It would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to include the aforementioned limitation as disclosed by Hanson within Skinner for the motivation of valuing

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instruments by using consensus about the value of an item, combining what people know and provide an incentive for experts to provide opinions (advantages, page 9-10).

As to claim 20, Skinner discloses The method of claim 1, comprising valuing concepts based on parameters associated with use of terms of the concept as search terms in one or more search engines or search portals (paragraph 5, 37 and 38).

As to claim 21, Skinner does not explicitly disclose the method of claim 1, comprising valuing a concept based on values of one or more measures of future economic value of at least one of the concept and one or more terms of the concept.

However, Hanson discloses valuing a concept based on values of one or more measures of future economic value of at least one of the concept and one or more terms of the concept (i.e. idea futures, see page 2). It would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to include the aforementioned limitation as disclosed by Hanson within Skinner for the motivation of valuing instruments by using consensus about the value of an item, combining what people know and provide an incentive for experts to provide opinions (advantages, page 9-10).

As to claim 22, Skinner discloses the method of claim 1, comprising valuing a concept based on Internet pay per click auction data relating to one or more terms of the concept.

As to claim 23, Skinner discloses the method of claim 22, wherein the Internet pay per click auction data comprises at least one of total revenue generated over a period of

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time for one or more terms, average revenue over a period of time for one or more terms, median revenue over a period of time for one or more terms, and a median clicked price.

As to claim 24, Skinner discloses The method of claim 21, wherein the one or more measures relate to at least one of advertising data, business data, and consumer data (see abstract).

As to claim 25, Skinner does not explicitly disclose The method of claim 19, comprising denominating the payoff of one or more of the instruments in at least one of money, currency, fake money, fake currency, game money, game currency, coupons, credits, discounts, certificates, goods, services, and rights.

However, Hanson discloses denominating the payoff of one or more of the instruments in at least one of money, currency, fake money, fake currency, game money, game currency, coupons, credits, discounts, certificates, goods, services, and rights (see page 2). It would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to include the aforementioned limitation as disclosed by Hanson within Skinner for the motivation of valuing instruments by using consensus about the value of an item, combining what people know and provide an incentive for experts to provide opinions (advantages, page 9-10).

As to claim 26, Skinner and Hanson do not explicitly disclose the method of claim 1, comprising facilitating generating revenue for an owner of a market in which the transactions are accomplished based on at least one of transaction fees associated with

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the transactions, listing fees associated with the transactions, institutional participant fees associated with the transactions, data sale associated with the transactions, and exposure of a business entity of the owner to potential customers via the transactions.

However, the Examiner takes official notice that it was well known in the electronic securities arts to charge transaction fees to generate revenue. It would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to include the aforementioned limitation within Hanson in order to provide profit or costs of doing business to the owner.

As to claim 27, Skinner discloses the method of claim 1, comprising an entity that also at least in part facilitates Pay-Per-Click auctions for rights associated with the concepts (paragraphs 37-38).

Skinner does not explicitly disclose an entity that at least in part facilitates allowing of transactions capable of being valued based on values of term-based concepts.

However, Hanson discloses an entity that at least in part facilitates allowing of transactions capable of being valued based on values of term-based concepts (page 2).

It would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to include the aforementioned limitation as disclosed by Hanson within Skinner for the motivation of valuing instruments by using consensus about the value of an item, combining what people know and provide an incentive for experts to provide opinions (advantages, page 9-10).

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As to claim 28 Skinner discloses the method of claim 1, comprising obtaining the one or more terms from a set or one or more terms obtained from a search engine system (paragraph 37).

As to claim 29, Skinner discloses the method of claim 1, comprising obtaining the one or more terms from a set of one or more search terms used in one or more computerized searches (paragraph 5 and 37).

As to claim 30. Skinner discloses The method of claim 1, comprising selecting the one or more terms from a set of one or more search terms used in one or more computerized searches (paragraphs 37 and 38).

As to claim 31, Skinner discloses the method of claim 1, comprising deriving the one or more terms from a set of one or more search terms used in one or more computerized searches (paragraphs 37 and 38).

8. Claims 17-19 are rejected under 35 U.S.C. 103(a) as being unpatentable over Skinner and Hanson as applied to claim 1 above, and further in view of Giles, Jim, "Wanna bet?" (hereinafter Giles).

As to claim 17, Skinner and Hanson do not explicitly disclose the method of claim 1, comprising allowing betting transactions, wherein bets relate to present or future values of concepts.

However, Giles discloses allowing betting transactions, wherein bets relate to present or future values of concepts (page 354). It would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to include the aforementioned

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limitation within the Skinner and Hanson combination in order to help frame and clarify important issues (page 354).

As to claim 18, Skinner and Hanson do not explicitly disclose the method of claim 17, comprising allowing betting transactions including at least one of odds bets, line bets, and pari-mutuel bets.

However, Giles discloses allowing betting transactions including at least one of odds bets, line bets, and pari-mutuel bets (page 354). It would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to include the aforementioned limitation within the Skinner and Hanson combination in order to help frame and clarify important issues (page 354).

As to claim 19, Skinner and Hanson do not explicitly disclose the method of claim 17, comprising basing a payoff value of a bet on at least one of a future value of the concept and a demand associated with the bet.

However, Giles discloses a payoff value of a bet on at least one of a future value of the concept and a demand associated with the bet (page 354). It would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to include the aforementioned limitation within the Skinner and Hanson combination in order to help frame and clarify important issues (page 354).

9. Claims 13-15 are rejected under 35 U.S.C. 103(a) as being unpatentable over Skinner and Hanson as applied to claim 1 above, and further in view of Burns, Jr et al, Pat. Pub. 2003/0115099 (hereinafter Burns, Jr.).

As to claim 13 and 14, Skinner and Hanson do not explicitly disclose the method of claim 1, comprising defining terms using at least one of a clustering algorithm, a machine learning algorithm, an automatic naming algorithm, and an artificial intelligence-based algorithm.

However, Burns, Jr discloses defining terms using at least one of a clustering algorithm, a machine learning algorithm, an automatic naming algorithm, and an artificial intelligence-based algorithm (paragraph 28). It would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to include the aforementioned limitation within the Skinner and Hanson combination in order to monitor search engine keyword navigation patterns (paragraph 28).

As to claims 15, Skinner discloses the method of claim 1, comprising defining terms using a combination of manual selection (paragraph 5). Skinner does not disclose using a computer algorithm

Burns, Jr discloses defining terms using an artificial intelligence-based algorithm (paragraph 28). It would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to include the aforementioned limitation within the Skinner and Hanson combination in order to monitor search engine keyword navigation patterns (paragraph 28).

10. Claims 32 and 36-39 are rejected under 35 U.S.C. 103(a) as being unpatentable over Skinner, Hanson and Burns, Jr..

As to claims 32 and 36, Skinner discloses

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defining a set of one or more term-based concepts (i.e. search terms ), each of the concepts comprising a set of one or more terms , the terms being usable in computerized searches (paragraph 37)

the concepts being valued based on at least in part on a utilization of the associated one or more concepts by one or more participants to locate information through the computerized searches (i.e. search term's effectiveness is determined by collecting and analyzing data relating to the number of impressions the number of clicks, and the number of resulting sales)(paragraphs 37-38)

Skinner does not explicitly disclose

allowing transactions in a set of one or more instruments on a networked computer system, each of the instruments being associated with one or more of the concepts.

However, Hanson discloses allowing transactions in a set of one or more instruments on a networked computer system, each of the instruments being associated with one or more of the concepts (i.e. idea futures)(see page 1 and page 6). It would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to include allowing transactions in a set of one or more instruments on a networked computer system, each of the instruments being associated with one or more of the concepts as disclosed by Hanson within Skinner for the motivation of valuing instruments by using consensus about the value of an item, combining what people know and provide an incentive for experts to provide opinions (advantages, page 9-10).

Skinner and Hanson do not disclose using a computer algorithm



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Burns, Jr discloses defining terms using an artificial intelligence-based algorithm (paragraph 28). It would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to include the aforementioned limitation within the Skinner and Hanson combination in order to monitor search engine keyword navigation patterns (paragraph 28).

As to claims 37-39, the claims are substantially similar to claims 13 and 14 and are rejected on the same basis.

### ***Response to Arguments***

11. Applicant's arguments with respect to claims 1 and 4-40 have been considered but are moot in view of the new ground(s) of rejection.

### ***Conclusion***

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Alexander Kalinowski, whose telephone number is (571) 272-6771. The examiner can normally be reached on Monday to Friday from 10:00 AM to 6:30 PM. If any attempt to reached the examiner by telephone is unsuccessful, the examiner's supervisor, Alexander Kalinowski, can be reached on (571) 272-6771. The fax telephone number for this group is (571) 273-8300 (for official communications including After Final communications labeled "Box AF").

/Alexander Kalinowski/

Supervisory Patent Examiner, Art Unit 3691